

# BHP

## Financial results Half year ended 31 December 2020



Spence Growth Option

# Disclaimer

The information in this presentation is current as at 16 February 2021. It is in summary form and is not necessarily complete. It should be read together with the BHP Results for the half year ended 31 December 2020.

## Forward-looking statements

This presentation contains forward-looking statements, including statements regarding: trends in commodity prices and currency exchange rates; demand for commodities; production forecasts; plans, strategies and objectives of management; closure or divestment of certain assets, operations or facilities (including associated costs); anticipated production or construction commencement dates; capital costs and scheduling; operating costs and shortages of materials and skilled employees; anticipated productive lives of projects, mines and facilities; provisions and contingent liabilities; and tax and regulatory developments.

Forward-looking statements may be identified by the use of terminology, including, but not limited to, 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'would', 'continue', 'annualised' or similar words. These statements discuss future expectations concerning the results of assets or financial conditions, or provide other forward-looking information.

These forward-looking statements are based on the information available as at the date of this release and are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release. BHP cautions against reliance on any forward-looking statements or guidance, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption arising in connection with COVID-19.

For example, our future revenues from our assets, projects or mines described in this release will be based, in part, upon the market price of the minerals, metals or petroleum produced, which may vary significantly from current levels. These variations, if materially adverse, may affect the timing or the feasibility of the development of a particular project, the expansion of certain facilities or mines, or the continuation of existing assets.

Other factors that may affect the actual construction or production commencement dates, costs or production output and anticipated lives of assets, mines or facilities include our ability to profitably produce and transport the minerals, petroleum and/or metals extracted to applicable markets; the impact of foreign currency exchange rates on the market prices of the minerals, petroleum or metals we produce; activities of government authorities in the countries where we sell our products and in the countries where we are exploring or developing projects, facilities or mines, including increases in taxes; changes in environmental and other regulations; the duration and severity of the COVID-19 pandemic and its impact on our business; political uncertainty; labour unrest; and other factors identified in the risk factors discussed in BHP's filings with the U.S. Securities and Exchange Commission (the 'SEC') (including in Annual Reports on Form 20-F) which are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

Except as required by applicable regulations or by law, BHP does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance.

## Presentation of data

Unless specified otherwise: variance analysis relates to the relative performance of BHP and/or its operations during the half year ended 31 December 2020 compared with the half year ended 31 December 2019; operations includes operated assets and non-operated assets; total operations refers to the combination of continuing and discontinued operations; continuing operations refers to data presented excluding the impacts of Onshore US from the 2017 financial year onwards; copper equivalent production based on 2020 financial year average realised prices; references to Underlying EBITDA margin exclude third party trading activities; data from subsidiaries are shown on a 100 per cent basis and data from equity accounted investments and other operations is presented, with the exception of net operating assets, reflecting BHP's share; medium term refers to our five year plan. Queensland Coal comprises the BHP Mitsubishi Alliance (BMA) asset, jointly operated with Mitsubishi, and the BHP Mitsui Coal (BMC) asset, operated by BHP. Numbers presented may not add up precisely to the totals provided due to rounding. All footnote content (except in the Annexures) is contained on slide 40.

## Alternative performance measures

We use various alternative performance measures to reflect our underlying performance. For further information please refer to alternative performance measures set out on pages 63 – 74 of the BHP Results for the half year ended 31 December 2020.

## No offer of securities

Nothing in this presentation should be construed as either an offer or a solicitation of an offer to buy or sell BHP securities in any jurisdiction, or be treated or relied upon as a recommendation or advice by BHP.

## Reliance on third party information

The views expressed in this presentation contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. This presentation should not be relied upon as a recommendation or forecast by BHP.

## BHP and its subsidiaries

In this presentation, the terms 'BHP', the 'Company', the 'Group', 'our business', 'organization', 'Group', 'we', 'us' and 'our' refer to BHP Group Limited, BHP Group Plc and, except where the context otherwise requires, their respective subsidiaries set out in note 13 'Related undertaking of the Group' in section 5.2 of BHP's Annual Report and Form 20-F. Those terms do not include non-operated assets. This presentation includes references to BHP's assets (including those under exploration, projects in development or execution phases, sites and closed operations) that have been wholly owned and/or operated by BHP and that have been owned as a joint venture operated by BHP (referred to as 'operated assets' or 'operations') during the period from 1 July 2020 to 31 December 2020. Our functions are also included.

BHP also holds interests in assets that are owned as a joint venture but not operated by BHP (referred to in this release as 'non-operated joint ventures' or 'non-operated assets'). Our non-operated assets include Antamina, Cerrejón, Samarco, Atlantis, Mad Dog, Bass Strait and North West Shelf. Notwithstanding that this presentation may include production, financial and other information from non-operated assets, non-operated assets are not included in the Group and, as a result, statements regarding our operations, assets and values apply only to our operated assets unless otherwise stated. References in this release to a 'joint venture' are used for convenience to collectively describe assets that are not wholly owned by BHP. Such references are not intended to characterise the legal relationship between the owners of the asset.

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An aerial photograph of a BHP iron ore train in Western Australia. The train, consisting of several locomotives and ore cars, is traveling along a track that cuts through a vast, arid landscape of red earth and sparse vegetation. The train is oriented vertically in the center of the frame. To the left of the train, there is a small structure, possibly a loading or unloading facility. The overall scene is captured from a high angle, providing a clear view of the train and the surrounding terrain.

# BHP

## Financial results

Half year ended 31 December 2020

Mike Henry Chief Executive Officer

Western Australia Iron Ore

FWE-0038905



# Consistent approach delivers strong results

Delivering strong safety and operational performance; continuing to grow value as the global economy recovers

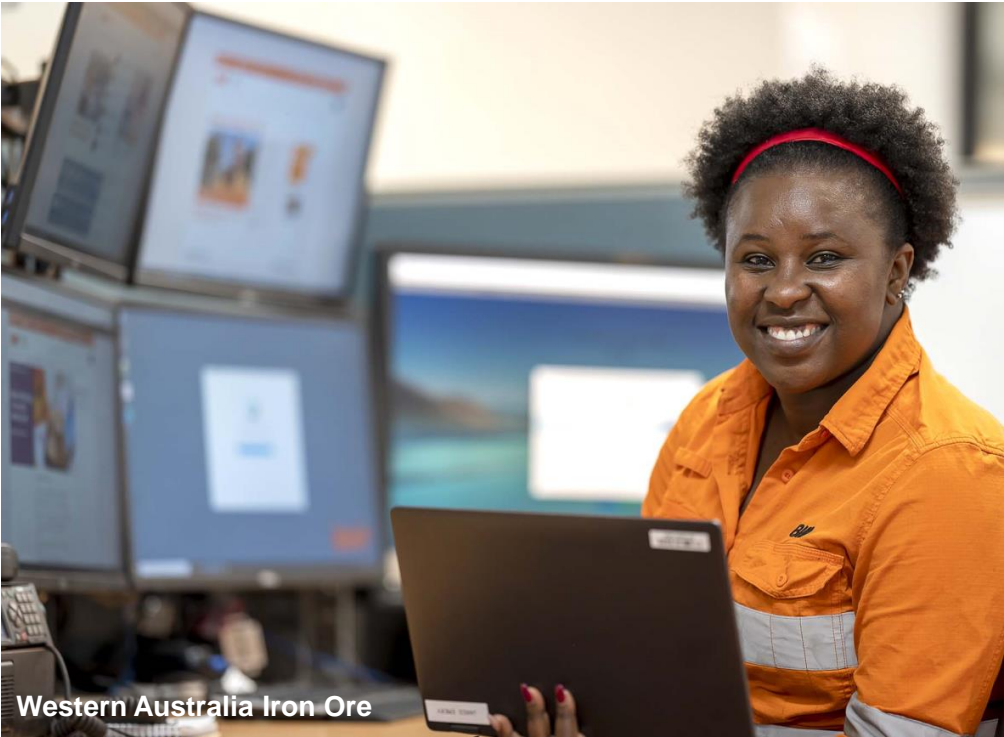
Safer, more reliable with higher margin

Strong free cash flow and balance sheet

High shareholder returns

Strong social value performance

Improving macro environment for resources



Financial results  
16 February 2021

# H1 FY21 operational highlights

Safer and more reliable

Safety

Zero fatalities

TRIF ↓ 16% to 3.5 per million hours worked compared to FY20

Production

Record

production at WAIO and concentrator throughput at Escondida

Unit costs

On track

for FY21 guidance<sup>1</sup>

Reliability

No major operational disruptions

in our operated assets; well managed through COVID-19

Portfolio

Adding options

completed acquisition of additional 28% in Shenzi; exploration advancing

Major projects

On track

first production achieved at SGO; South Flank on schedule for production mid-CY21

Notes: TRIF – Total Recordable Injury Frequency; WAIO – Western Australia Iron Ore; SGO – Spence Growth Option.

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# H1 FY21 financial highlights

Higher margin enables higher shareholder returns

<div>Earnings</div> <div>US\$14.7 bn</div> <div>Underlying EBITDA ↑ 21%</div>	<div>EBITDA margin</div> <div>59%</div> <div>↑ 3% points</div>	<div>Free cash flow</div> <div>US\$5.2 bn</div> <div>↑ 39%</div>
<div>Net debt</div> <div>US\$11.8 bn</div> <div>↓ 7%</div>	<div>Shareholder returns</div> <div>101 US cps</div> <div>dividend determined, payout ratio of 85%</div>	<div>ROCE</div> <div>24%</div> <div>↑ 5% points</div>

Note: All comparisons are against H1 FY20; Net debt excludes vessel lease contracts that are priced with reference to a freight index.

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# H1 FY21 social value highlights

Social value is integrated into all we do

**Operational emissions**

**Set mid-term target**

to reduce operational emissions from FY20 levels by 30% by FY30

**Inclusion and diversity**

**27.4%**

female participation across group  
↑ 0.9% points compared to FY20;  
gender balanced executive team

**Social investment**

**US\$35.4 m**

including continued community support for COVID-19 response and recovery

**Value chain emissions**

**Partnerships**

to support our Scope 3 goals<sup>2</sup> progressed; partnerships with two steelmakers, and LNG shipping and bunkering agreements

**Local procurement spend**

**US\$0.9 bn**

to support the growth of local businesses in the regions where we operate

**Water**

**On track**

freshwater withdrawal below reduction target on an annualised basis

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# BHP

## Financial results

Half year ended 31 December 2020

David Lamont Chief Financial Officer

Nickel West

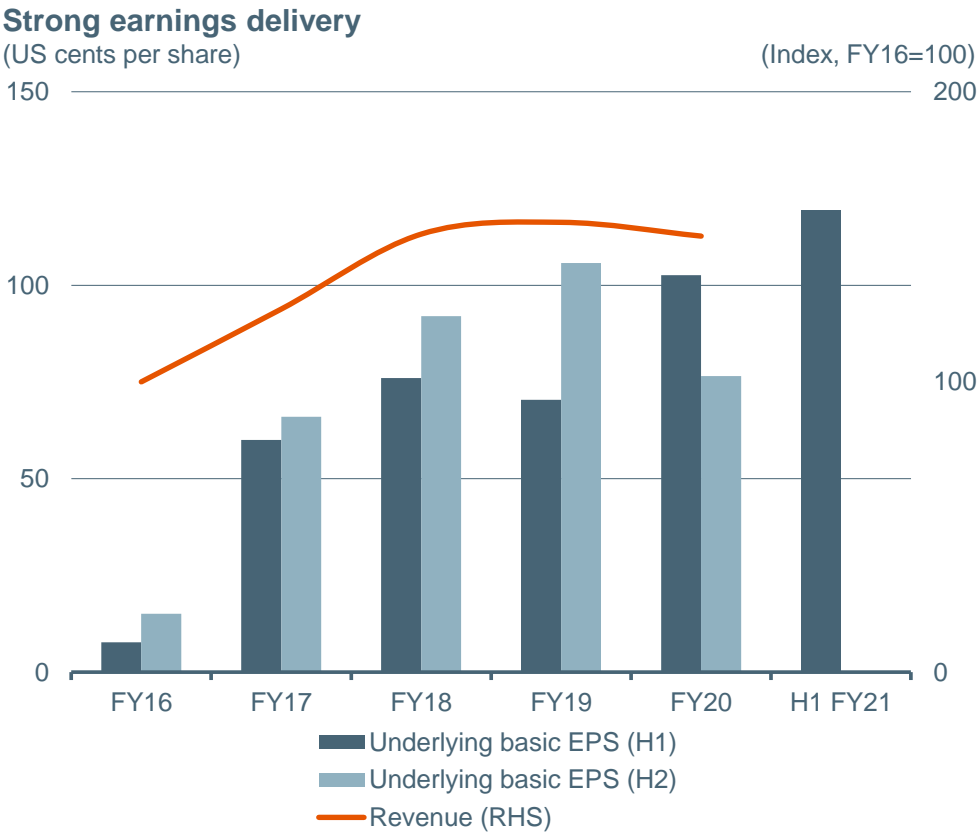
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# Financial performance

EBITDA margin of 59%, record dividend and strong growth in earnings per share

Summary income statement (US\$ billion)	H1 FY21	% change
Underlying EBITDA	14.7	↑ 21%
Underlying EBITDA margin	59%	
Underlying EBIT	11.3	↑ 25%
Adjusted effective tax rate <sup>3</sup>	34.1%	
Adjusted effective tax rate incl. royalties <sup>3</sup>	41.7%	
Underlying attributable profit	6.0	↑ 16%
Net exceptional items	(2.2)	
Attributable profit	3.9	
Underlying basic earnings per share	119.4 US cps	↑ 16%
Dividend per share	101 US cps	↑ 55%



Note: Presented on a total operations basis.

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# Segment performance

Full year unit cost guidance remains unchanged

	Iron Ore <sup>4</sup>	Copper	Metallurgical Coal	Petroleum
EBITDA:	US\$10.2 bn	US\$3.7 bn	US\$0.1 bn	US\$0.8 bn
EBITDA margin:	73%	60%	3%	49%
	<b>WAIO</b> (US\$/t)	<b>Escondida</b> (US\$/lb)	<b>Queensland Coal</b> (US\$/t)	<b>Petroleum</b> (US\$/boe)
Unit cost at realised FX <sup>5</sup> :	14.38 ↑ 10%	0.90 ↓ 18%	84.92 ↑ 20%	10.30 ↑ 8%
C1 unit cost <sup>6</sup> :	12.46 ↓ 2%			
<b>Full year guidance</b>	✓	✓	✓	✓
<b>Half year</b>	✓	✓	✗	✓
<b>Performance drivers</b>	<ul style="list-style-type: none"> <li>Record production partially offset unfavourable FX movements and higher third-party royalties</li> </ul>	<ul style="list-style-type: none"> <li>Record concentrator throughput and strong cost management</li> </ul>	<ul style="list-style-type: none"> <li>Lower volumes due to adverse weather; strong H2 as planned</li> <li>Higher planned maintenance and FX movements</li> </ul>	<ul style="list-style-type: none"> <li>Lower volumes due to adverse weather and market conditions</li> <li>Higher exploration expenses</li> </ul>



On track / in line or better than full year guidance<sup>1</sup>



Behind full year guidance

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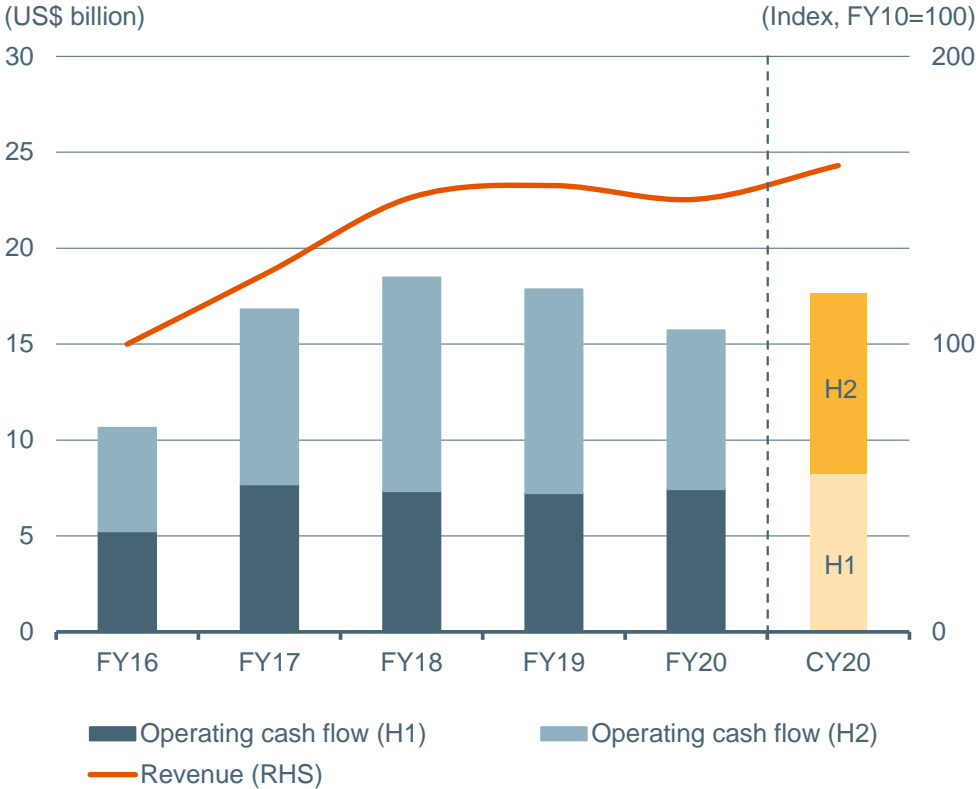
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# Consistent cash generation and returns

Strong underlying operations deliver consistent cash flow and dividends

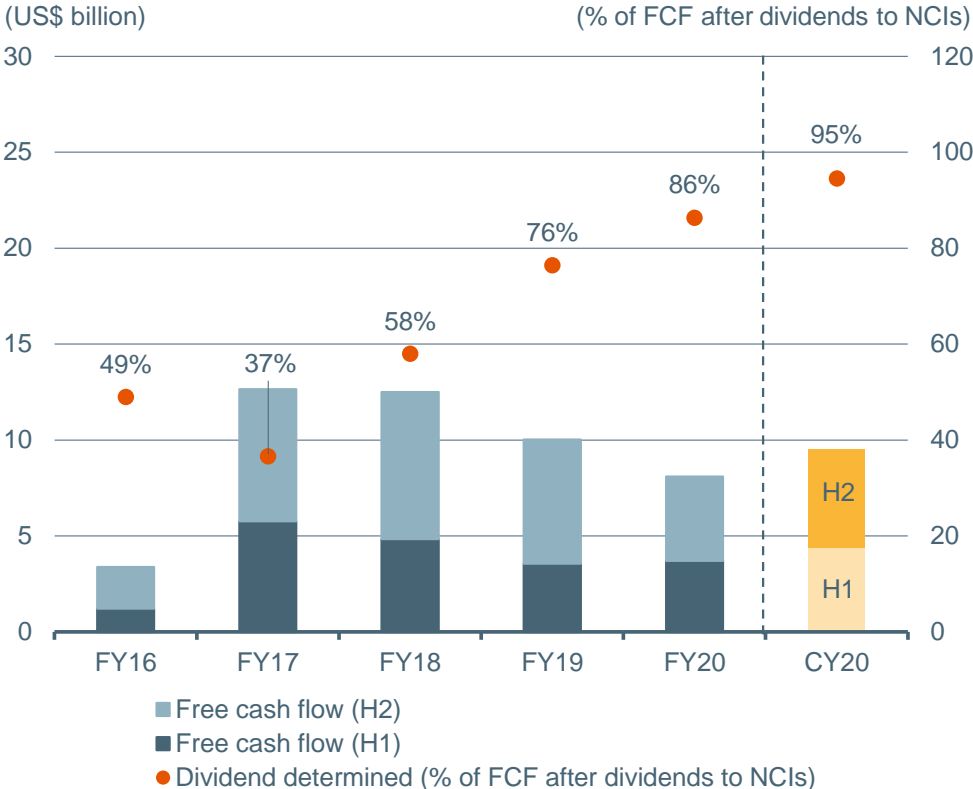
## Net operating cash flow



Note: Presented on a total operations basis.

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## Free cash flow and dividends

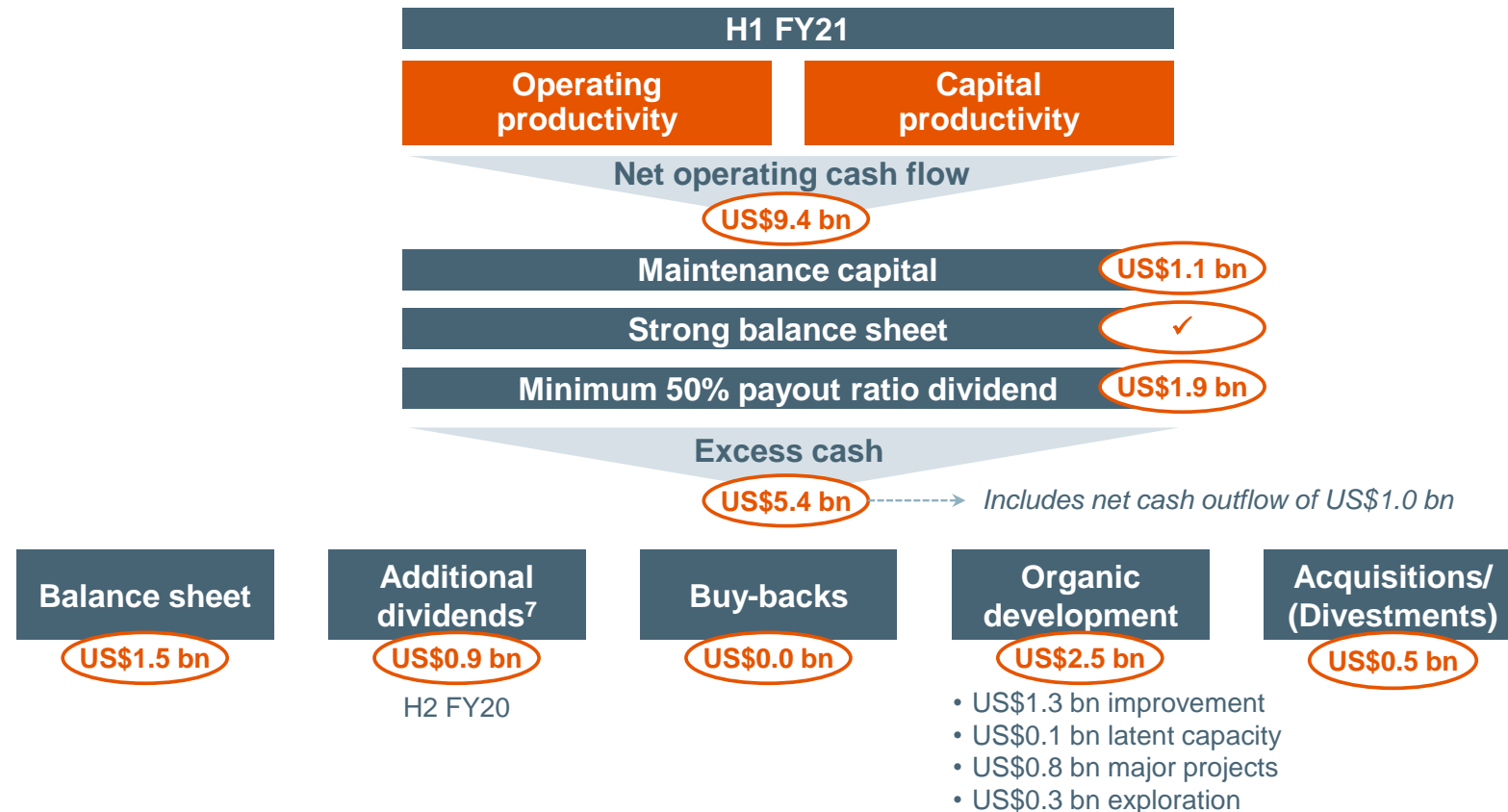


Note: The Free Cash Flow used to present the Dividend determined (% of FCF) excludes dividends paid to non-controlling interests. Cash flow results for FY16 and FY17 are presented on a total operations basis.

**BHP**

# Capital allocation

Disciplined adherence to our Capital Allocation Framework



Note: Includes total net cash out flow of US\$1.0 billion (H1 FY20: US\$0.7 billion) which comprises dividends paid to non-controlling interests of US\$0.8 billion (H1 FY20: US\$0.6 billion); net investment and funding of equity accounted investments of US\$0.4 billion (H1 FY20: US\$0.3 billion) and an adjustment for exploration expenses of US\$(0.2) billion (H1 FY20: US\$(0.2) billion) which is classified as organic development in accordance with the Capital Allocation Framework.

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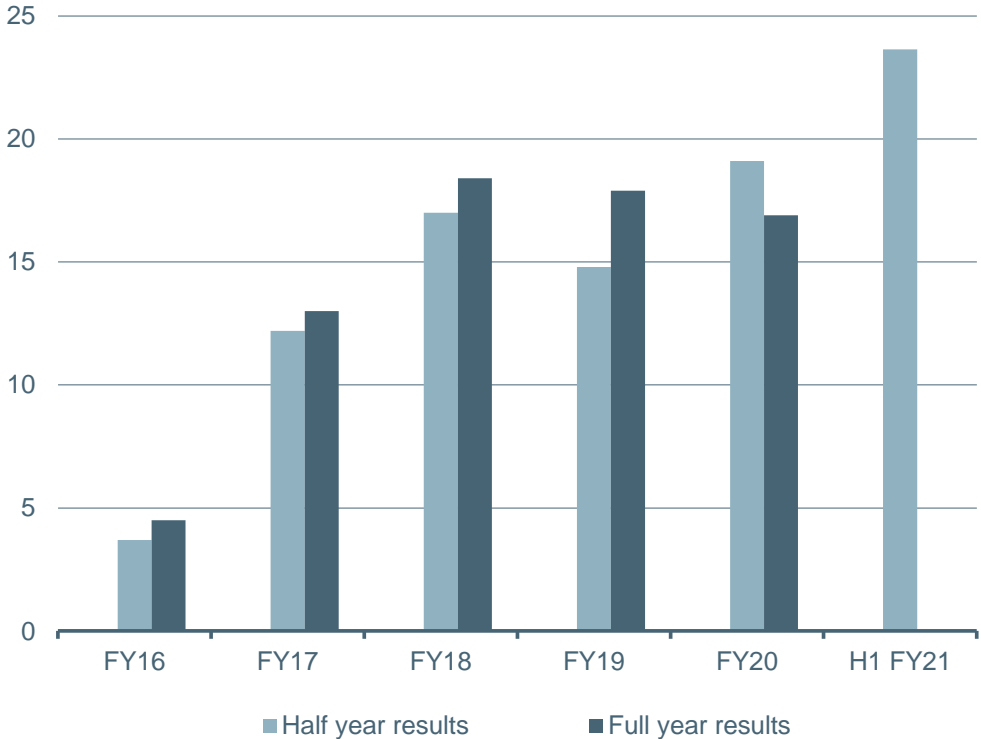


# Return on Capital Employed

H1 FY21 of ROCE 24%

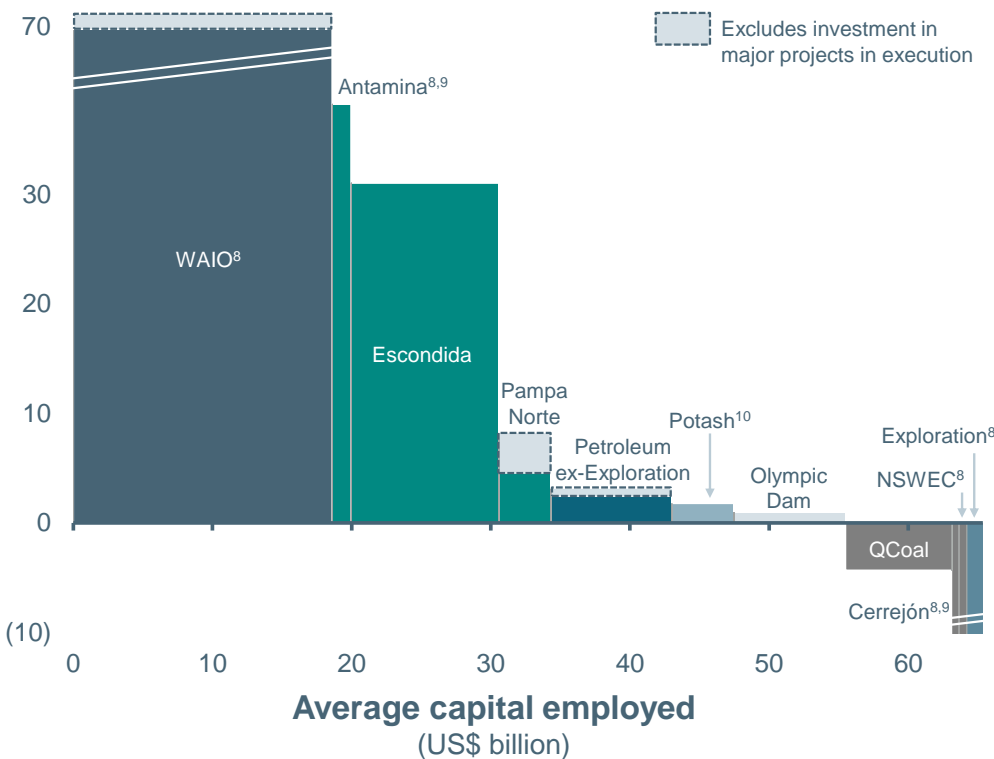
## ROCE

(%, excluding Onshore US)



## ROCE by asset H1 FY21

(%)



Note: ROCE represents profit after tax excluding exceptional items and net finance costs (after tax), which are annualised for half year results, divided by average capital employed. Average capital employed is net assets less net debt for the last two reporting periods.

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An aerial photograph of the Pyrenees offshore oil platform, a large industrial structure with multiple decks, yellow railings, and complex piping. The platform is situated in the middle of a vast blue ocean under a clear sky. A helicopter landing pad is visible on the upper right section of the platform. The name 'Pyrenees' is printed in white on the lower left side of the platform's structure.

# BHP

## Financial results

Half year ended 31 December 2020

Mike Henry Chief Executive Officer

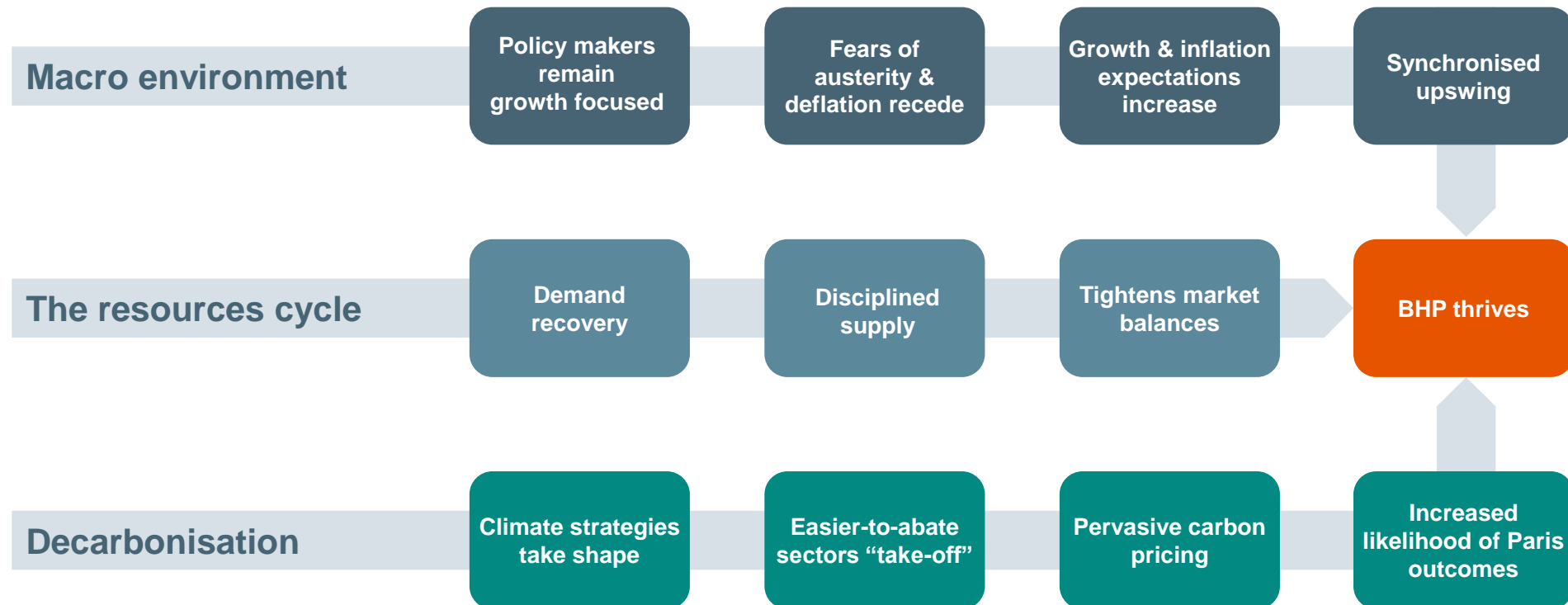
Pyrenees

FWE-0038916



# A constructive outlook

Recovery from COVID-19 dominates the near term; major inflection points beckon beyond that



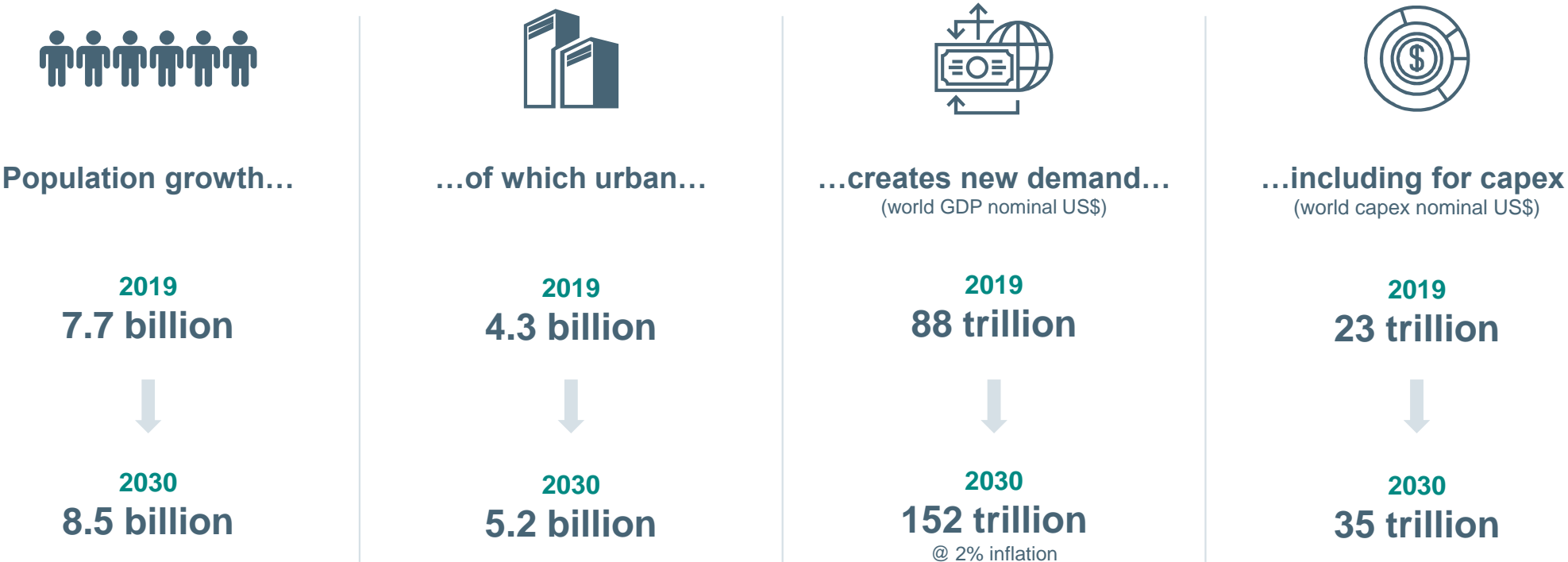
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# Longer term drivers for resources

Population growth, decarbonisation and rising living standards will drive demand for energy, metals and fertilisers for decades



Sources: UN World Population Prospects 2019, UN World Urbanization Prospects 2008 Revision, IMF World Economic Outlook October 2020, and BHP analysis.

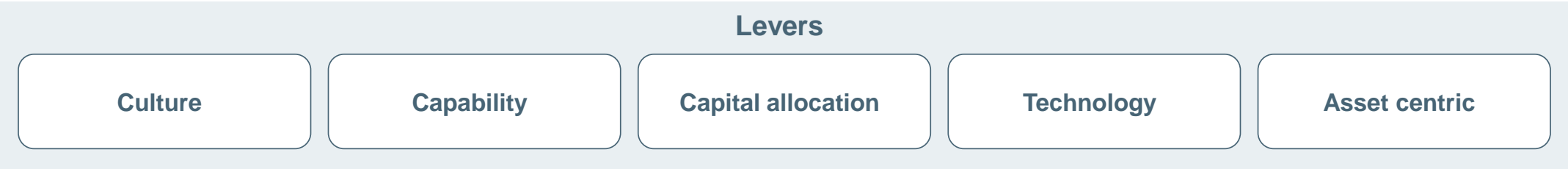
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# Delivering on our agenda

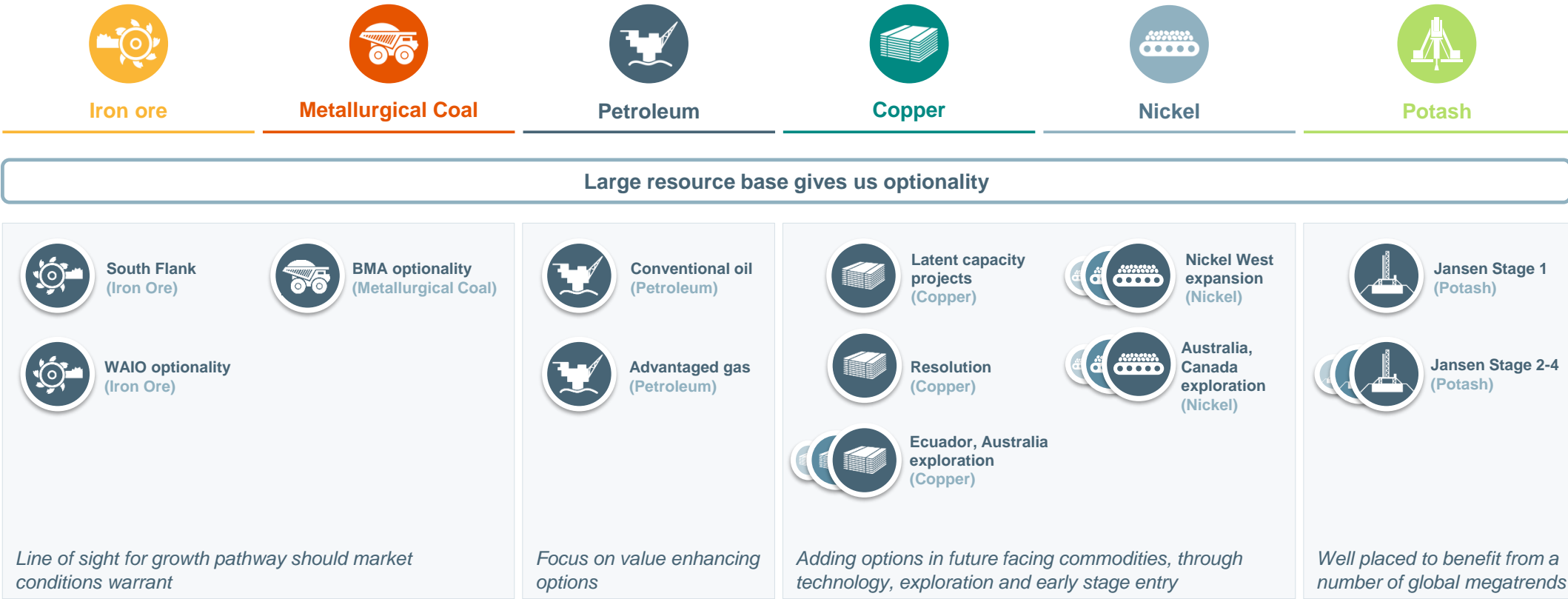
We continue to execute levers to deliver leading financial returns and social value

Safe	High performing	Lean	Future fit
<ul style="list-style-type: none"><li>Relentless focus on eliminating fatalities; two years fatality free at our operated assets</li><li>Lowered TRIF with continued efforts to improve</li><li>Effective management of COVID-19</li></ul>	<ul style="list-style-type: none"><li>High level of operational reliability</li><li>Investments assessed through rigorous risk and return matrix</li><li>Embedded approach to social value</li><li>Capital discipline aligned with strong balance sheet</li></ul>	<ul style="list-style-type: none"><li>Sector leading low-cost, high-margin producer</li><li>Reducing global functional cost base</li><li>South Flank project on track with leading capital intensity</li></ul>	<ul style="list-style-type: none"><li>Portfolio benefits in 1.5 degree scenario</li><li>Adding exposure to technology and partnerships</li><li>Adding future facing commodity options</li></ul>



# Growth options to capitalise on market opportunities

Assessing options with exposure to strategic themes, while adding more options in future facing commodities



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# Social value is core to everything we do

The world will not decarbonise without more mined resources, produced sustainably

A history of action	Committed to leadership
<ul style="list-style-type: none"> <li>• <b>Operational emissions:</b> Setting public GHG emissions reduction targets since the 1990s</li> <li>• <b>Water:</b> 15 year strategy to cease ground water extraction by 2030 achieved 10 years ahead of schedule at Escondida</li> <li>• <b>Biodiversity:</b> Commitments in place since the 1990s</li> </ul>	<div data-bbox="1098 532 1386 623">Environmental accountability</div> <ul style="list-style-type: none"> <li>• <b>Operational emissions:</b> 30% reduction by 2030; net zero by 2050</li> <li>• <b>Value chain emissions:</b> Expanding partnerships (China BaoWu, JFE, LNG bulk carriers)</li> <li>• <b>Impact investing:</b> Renewable power in Chile and Australia</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Taxes and royalties:</b> First disclosed our aggregate payments around the world in 2000</li> <li>• <b>Health and safety:</b> Our top priority; cultivated a culture of care and implemented effective controls to deliver better health and safety outcomes relating to fatalities and occupational exposures</li> </ul>	<div data-bbox="1098 753 1386 883">Creating Social value</div> <ul style="list-style-type: none"> <li>• <b>Social investment:</b> No less than 1% of pre-tax profit<sup>11</sup></li> <li>• <b>Indigenous employment:</b> Targeting 8% in Australia by end-FY25</li> <li>• <b>Health and safety:</b> Target fatality elimination (technology and contractor partnerships); support wellbeing (mental health framework)</li> <li>• <b>Local suppliers:</b> Supporting growth of local businesses</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Culture:</b> Charter and Code of Conduct since early 2000s</li> <li>• <b>Executive remuneration:</b> Introduced HSEC component in 2002</li> <li>• <b>Transparency:</b> Improved our ESG disclosures over past decade to help users better understand our operational performance</li> </ul>	<div data-bbox="1098 993 1386 1123">Leading Governance practices</div> <ul style="list-style-type: none"> <li>• <b>Diversity:</b> Female Executive Leadership Team - 50%; Board - 33%; Aspirational goal to achieve gender balance by 2025</li> <li>• <b>Executive remuneration:</b> Linked to long-term safety, returns and climate targets (where weighting increased in FY21)</li> </ul>

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# Investment proposition

We grow long-term shareholder value through reliable operations, optimal allocation of capital and creating social value

Maximise cashflow	Capital discipline	Value and returns
<p><b>Low-cost producer</b> disciplined focus on cost control as headwinds increase</p> <p><b>Reliable operations</b> improving operational efficiency through use of technology</p> <p><b>Constructive outlook</b> for our commodities as demand recovers</p>	<p><b>Net debt</b> targeting lower end of US\$12-17 billion range</p> <p><b>Portfolio</b> re-shaping to better align with future megatrends</p> <p><b>Capital Allocation Framework</b> is working and remains core to how we run BHP</p>	<p><b>24% ROCE</b> in H1 FY21</p> <p><b>Shareholder returns</b> US\$30 billion announced over the last 3 years</p> <p><b>High return projects</b> delivered reliably, in copper SGO; in iron ore South Flank on track</p>

# BHP

# BHP

## Appendix



# Social value scorecard

We are making good progress on our social value commitments

Category	Key indicators	H1 FY21	H2 FY20	H1 FY20	FY20	Target
Safety and Health	Fatalities	0	0	0	0	Zero work-related fatalities
	High Potential Injury (HPI) frequency (per million hours worked) <sup>1</sup>	0.20	0.14	0.32	0.24	Year-on-year improvement of our HPI frequency
	Total Recordable Injury Frequency (TRIF) (per million hours worked)	3.5	3.7	4.6	4.2	Year-on-year improvement in TRIF
Environment	Operational greenhouse gas (GHG) emissions (Mt CO <sub>2</sub> -e)	8.1	7.9	7.9	15.8	Maintain FY22 operational GHG emissions at or below FY17 levels <sup>2</sup> and reduce emissions by at least 30% from FY20 levels <sup>3</sup> by FY30
	Value chain emissions – steelmaking	✓	-	-	-	Goal: Support industry to develop technologies and pathways capable of 30% emissions intensity reduction <sup>4</sup>
	Value chain emissions – transportation	✓	-	-	-	Goal: Support 40% emissions intensity reduction of BHP-chartered shipping of our products
Community	Fresh water withdrawals (GL)	52.6	52.0	75.0	127.0	Reduce FY22 fresh water withdrawal by 15% from FY17 levels <sup>5</sup>
	Social investment (US\$m)	35.4	119.8	29.8	149.6	No less than one% of pre-tax profit (three-year rolling average)
	Local procurement spend (US\$m)	947	972	949	1,922	Support the growth of local businesses in the regions where we operate
Inclusion and Diversity	Female workforce participation (%)	27.4	26.5	24.8	26.5	Aspirational goal for gender balance by CY25
	Australia Indigenous workforce participation (%)	6.7	6.5	5.8	6.5	Aim to achieve 8.0% by the end of FY25 <sup>6</sup>
	Chile Indigenous workforce participation (%)	6.7 <sup>7</sup>	6.6	6.3	6.6	Increase representation from prior year <sup>8</sup>

1. HPI frequency: number of injuries from events where there was the potential for a fatality per million hours worked.  
2. In FY17, our operational GHG emissions were 14.6 Mt CO<sub>2</sub>-e (excluding Onshore US). Greenhouse gas emissions are subject to final sustainability assurance review.  
3. FY17 and FY20 baseline will be adjusted for any material acquisitions and divestments based on GHG emissions at the time of the transaction. Carbon offsets will be used as required. FY17 baseline is on a Continuing operations basis and has been adjusted for divestments.  
4. With widespread adoption expected post-2030.  
5. In FY17, our fresh water withdrawals were 156.1 GL (on an adjusted basis, excluding Onshore US).  
6. New medium term target established to achieve 8.0% Aboriginal and Torres Strait Islander representation within our employee and contractor workforce by the end of FY25.  
7. Subject to verification of underlying data by the CONADI (National Indigenous Development Corporation).  
8. Work is underway to establish medium term targets for Indigenous workforce participation in Chile.

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# HY21 social value highlights

Our purpose is to bring people and resources together to build a better world

People, Culture and Capability	Community and Society	Climate Change	Environment
<p><b>Diversity</b> Female participation 27.4% with a gender balanced executive team and 33% female board; Aspirational goal to achieve gender balance by 2025</p> <p><b>Australian Indigenous representation</b> of 6.7% progressing towards FY25 aspirational target of 8% within our employee and contractor workforce</p> <p><b>Executive remuneration</b> linked to long-term safety, returns and climate targets</p>	<p><b>Principles around Aboriginal Heritage in Australia</b> jointly developed with First Nations Heritage Protection Alliance and BHP traditional owner partners</p> <p><b>US\$947 m</b> directed to local suppliers</p> <p><b>US\$35.4 m</b> social investment to support local communities</p> <p><b>Community sentiment</b> and concerns monitored in developing social value plans</p>	<p><b>Portfolio review</b> in line with transition to 1.5 degree scenario completed</p> <p><b>Set mid-term targets</b> to reduce operational emissions by 30% by 2030; Net zero by 2050</p> <p><b>Scope 3 partnerships</b> expanding (Baowu, JFE and LNG bulk carriers)</p> <p><b>Impact investing leadership</b> including in desalination and renewable power in Chile</p>	<p><b>Fresh water withdrawals</b> of 52.6 GL for HY21; On track to meeting 15% reduction from FY17 levels</p> <p><b>Water Stewardship</b> context based water target development started at 5 assets</p> <p><b>Air quality</b> improvements dust actions commenced in the Pilbara</p> <p><b>Tailings Taskforce</b> continues work, with focus on reduction in tailings risk</p>

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**BHP**

FWE-0038926

# Our approach to Heritage

Developing mutually beneficial long-term relationships founded on respect and understanding

## BHP Indigenous Peoples Policy Statement

We aim to be a partner of choice for Indigenous Peoples through which our relationships contribute to their economic empowerment, social development and cultural wellbeing

### Cultural Heritage Management

- Undertaking participatory and inclusive social and environmental impact assessments.
- Seeking to agree on and document engagement and consultation plans with potentially impacted Indigenous Peoples.
- Working to obtain the consent of Indigenous Peoples to BHP activities consistent with the ICMM Position Statement.
- Seeking to avoid or minimise impacts on places of significant heritage value.
- Supporting the preservation of cultural heritage through implementing a framework for identifying, documenting and managing places of cultural significance.

### Our Commitments include:

- We will not act on our section 18 consents without further extensive consultation with traditional owners;
- If we learn new information that materially changes the significance of a site, we will not disturb it without agreement; and
- Confirmed with traditional owners that no term of our agreements shall operate to prevents them from making public statements about cultural heritage concerns.





*Determined to contribute to a sustainable future*

OVERVIEW

- A charitable organisation solely funded by BHP but operates independently.
- Contributes to the achievement of many of the UN SDGs, addressing **global** sustainable development challenges.
- Since 2014 the Foundation has committed US\$262 million to 30 projects working with 32 partner organizations implementing across 44 countries.

OUTCOMES & IMPACT

- **Australia:** 17,000 Indigenous students across 680 schools have participated in STEM Education pathways.
- **Australia:** Contributed A\$3 million to the prevention and treatment of COVID-19 with two world-leading research institutions
- **Afghanistan:** opening up public procurement resulted in savings of AFN 58 billion (US\$740 million).
- **Colombia:** exposure of a price-fixing scheme resulted in 700,000 school students receiving cheaper, higher quality daily school meals.
- Establishment of a **Global Knowledge Network** connecting organizations supporting Indigenous Peoples to self-determine use of their lands.
- 'Real-time Education Innovation Scaling Labs' established to support successful education reform pilots being mainstreamed through education systems.
- **Australia:** more than 800 Aboriginal and Torres Strait Islander organizations have benefited from enhanced governance and management training.

Focus Areas:

**Natural Resource Governance**

To harness the transformative power of natural resource wealth for sustainable and inclusive human development.

**Environmental Resilience**

To support new ways of conserving and sustainably managing large-scale, globally significant natural environments for the benefit of future generations.

**Education Equity**

To harness the potential of young people most at risk of being left behind by enabling equitable access to quality education and learning.

**Country Programs**

Australia/Chile/Canada/USA

Complementing the Foundation's global efforts to improve long-term economic, social and environmental sustainability at a national level.

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# Asset performance and plans

## Resilient core asset with quality growth options

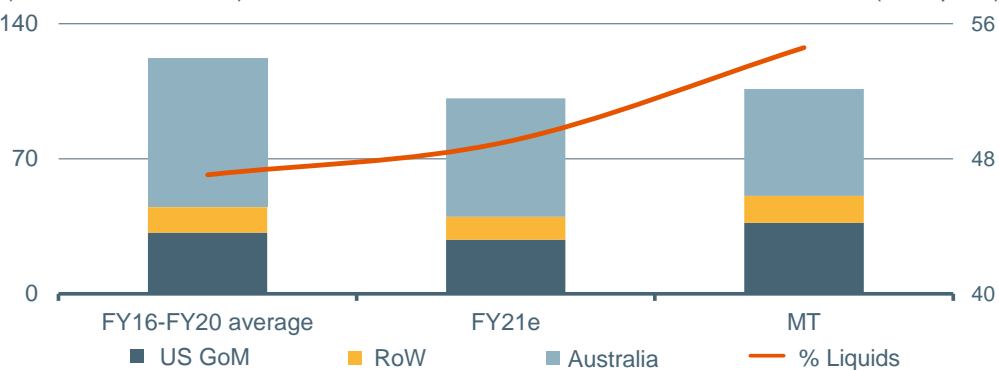
### Petroleum delivering low cost barrels today...

#### Progressing our sanctioned projects and pipeline of near-term opportunities

- Robust resilient volumes with breakeven ranges below \$40/boe
- Well executed sanctioned projects adding new volumes from July 2020
  - Atlantis Phase 3 achieved first production ahead of schedule and on budget
  - Ruby, Mad Dog Phase 2 and West Barracouta on plan and on target
- Opportunistic acquisition of additional Shenzi working interest, adding high-margin barrels leveraging existing infrastructure
  - Sanctioned new infill wells & Shenzi North near-field success in January 2021

### Transition to higher value liquids production

(Production, MMboe)



Note: Production excludes Onshore US; FID – Final Investment Decision; Shenzi SSMPP – Shenzi Sub-Sea Multi-Phase Pumping; GoM – Gulf of Mexico; T&T - Trinidad and Tobago; Atlantis MFX – Atlantis Major Facilities Expansion; RoW includes Trinidad & Tobago and Algeria.

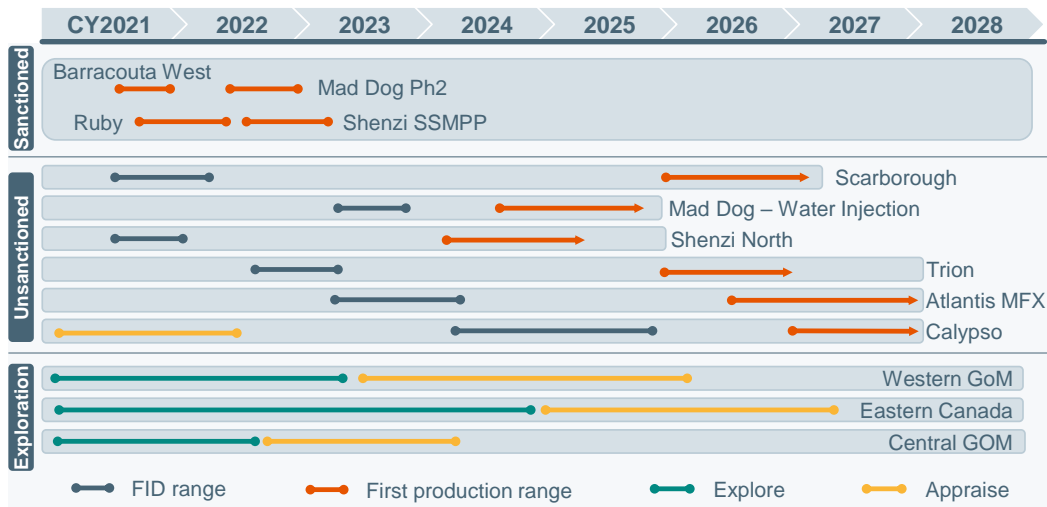
### Financial results

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### ...while replenishing the portfolio for tomorrow

#### Translating Exploration and Appraisal success to development

- Exploration 2C resource additions from FY17-FY20 (758 MMboe)<sup>13</sup> are moving ahead toward development with first production expected mid-2020s
  - Trion, Shenzi North and Wilding progressing development planning and value optimisation
  - Calypso (T&T North) appraisal in FY2022 to advance the opportunity



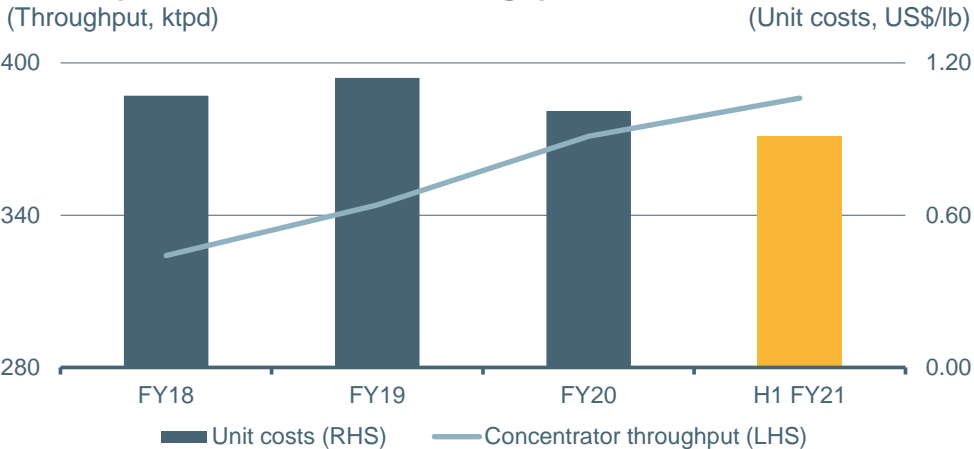
# Asset performance and plans

## Escondida sets new record; Spence Growth Option delivers first copper

### Escondida

- Strong operational performance lowers costs
- New concentrator throughput record of 386 ktpd
- BHP Operating System (BOS) continues to improve performance and stability
- Exploring potential latent capacity optionality
- Escondida celebrates first year of switch to desalinated water, after investing more than US\$4 billion in desalination capacity since 2006
- More cost efficient renewables power contracts to start in FY22

### BOS improves concentrator throughput and unit costs



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### Pampa Norte

- Spence Growth Option (SGO) delivers first copper
- SGO produced first copper December 2020 on time and budget
- After 12 month ramp up, will support ~300 ktpa at Spence for first four years, including current cathode operations
- Spence Growth Option to operate with 100 per cent desalinated water, using 1000 l/s new desalination plant
- Spence aiming to source vast majority of water from desalinated sources by mid-2020s

### Spence Growth Option





# Asset performance and plans

## Olympic Dam and Nickel West sustainably increasing production and returns

### Olympic Dam

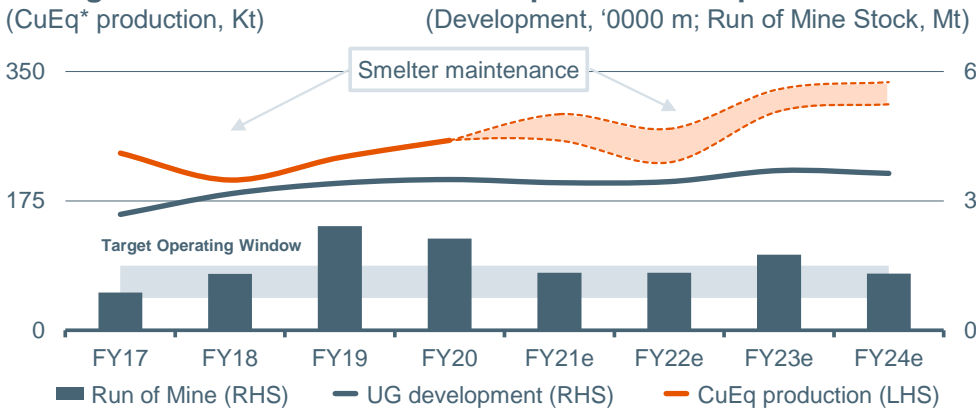
#### Focused on operational stability

- Highest production for a half in five years through improved smelter performance
- Multi-year asset integrity program supporting stability and tracking to plan
- Improved underground mining equipment operating efficiency

#### Safe and reliable performance in the medium term

- Scheduled major smelter maintenance (SCM21) in H1 FY22 will lift smelter bottleneck in latter part of five year plan

#### Strong Mine Performance will underpin increased production



\*Copper equivalent (CuEq) production based on FY20 average realised commodity prices, refer to page 17 of the Results Announcement for the six months ended 31 December 2020. The calculation applied the following formula:  $CuEq = \sum(\text{commodity production tonnes} \times (\text{commodity price} / \text{copper price}))$ .

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### Nickel West

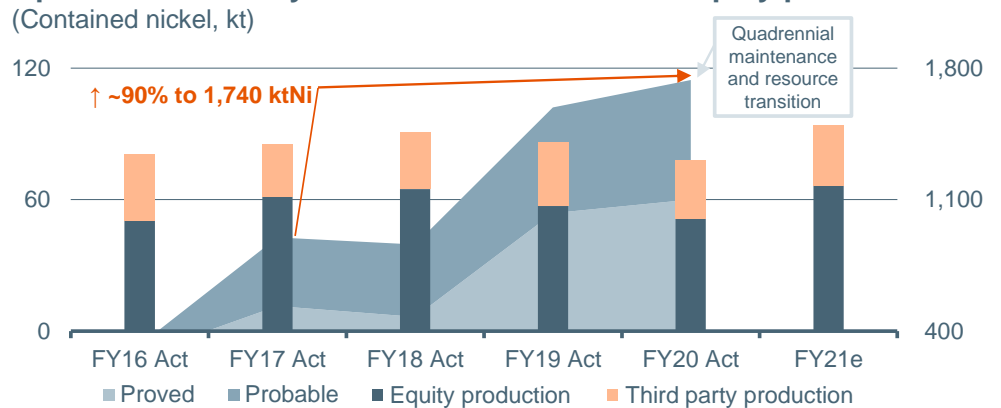
#### Building strong, stable foundations

- Improved operational stability following resource transition and completion of major four yearly planned shutdowns in FY20
- Undercut at Leinster B11, BHP's first block cave development, tracking well against revised plan allowing prioritisation of quality over feed

#### Future options

- Honeymoon Well acquisition completed
- Continue to review downstream options

#### Operational stability foundation for increased equity production



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# Asset performance and plans

Value growth through continuous improvement; South Flank on track for first production in mid-CY21

## WAIO

### Supply chain reliability underpins record production

- Achieved 290 Mtpa of shipments in CY20
- Improve car dumper reliability enabled by BOS, maintenance centre of excellence, and operations services
- Autonomous truck roll-out completed at Newman East, enabling increased annualised truck hours and improved safety

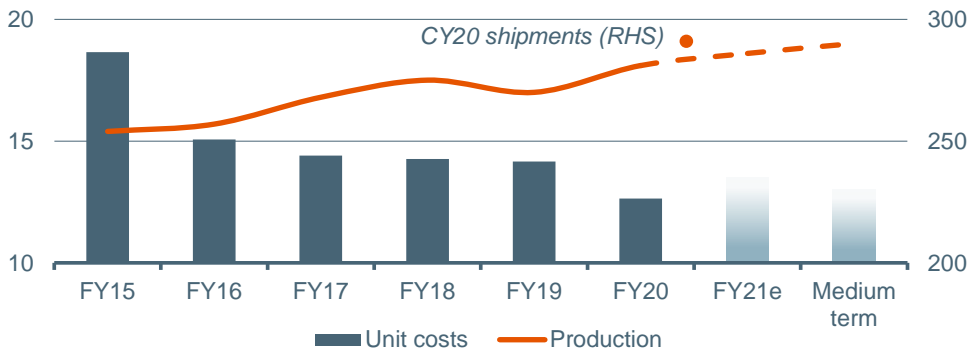
### South Flank progressing on track (90% complete)

- First production expected mid-CY21

### Unit costs below \$13/t in medium term, with South Flank online

(Unit costs, US\$/t)

(Iron Ore production, Mtpa)



Note: BOS – BHP Operating System ; FY21 and medium-term unit cost guidance are based on exchange rates of AUD/USD 0.70.

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## Queensland Coal

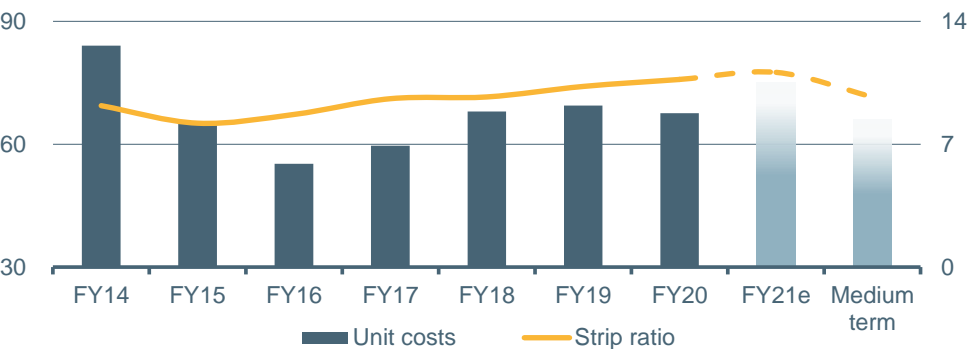
### Solid operating and cost performance in a challenging environment

- FY21 production is now expected to be at the lower half of the guidance range following significant wet weather impacts from La Niña
- Focus on improving truck and shovel productivity over the medium term to enable continuous wash plant feed
- Goonyella Riverside and Daunia commenced autonomous truck operations, increasing truck productivity and recovery times post wet weather events
- Cost reduction initiatives embedded to preserve margins in a volatile price environment

### Strip ratio headwinds to unwind to 2025

(Unit costs, US\$/t)

(Prime to product strip ratio)



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# Samarco and Renova Foundation

**Renova has spent R11.3 billion on remediation and compensation programs; New, court-sanctioned payment system in place**

Compensation	Resettlement	Samarco
<ul style="list-style-type: none"><li>• ~R3.1 billion indemnification and financial aid paid to about 320,000 people by December 2020</li><li>• New court-designated “Novel system” for claims from people in the most informal sectors launched in August 2020. More than 5,000 payments totalling ~R400 million made in 5 months to January 2021<ul style="list-style-type: none"><li>– Claimants include informal &amp; subsistence fisher-folks, artisans and informal launderers</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Resettlement progress continues despite COVID-19 challenges</li><li>• Bento Rodrigues: civil works, healthcare centre complete, public buildings nearing completion, some houses complete</li><li>• Paracatu: construction of public buildings and houses is progressing</li><li>• Gesteira: Progress on negotiations for alternatives to urban resettlement</li></ul>	<ul style="list-style-type: none"><li>• Iron ore pellet production restarted in December 2020, gradual ramp-up to production capacity of ~8 Mtpa</li><li>• One concentrator operating with a new tailings filtering and disposal system to a confined pit reducing environmental risk</li><li>• Germano dam decommissioning work progressing</li><li>• Increase in cost estimates for Samarco dam failure provision, in part due to resettlement program delays, including impacts due to COVID-19</li></ul>

*Bento Rodrigues houses*



*Bento Rodrigues school*



*Samarco filtration plant*



Note: R3.1 billion is approximately US\$770 million at actual transactional (historical) exchange rates related to Renova funding, while R400 million is approximately US\$77 million at 5.2 BRL/USD.

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# Exceptional items

Attributable profit of US\$3.9 billion includes an exceptional loss of US\$2.2 billion

Half year ended 31 December 2020	Gross US\$M	Tax US\$M	Net US\$M
<b>Exceptional items by category</b>			
Samarco dam failure	(358)	(19)	(377)
COVID-19 related costs <sup>2</sup>	(298)	79	(219)
Impairment of Energy coal assets and associated tax losses <sup>3</sup>	(927)	(647)	(1,574)
<b>Total</b>	<b>(1,583)</b>	<b>(587)</b>	<b>(2,170)</b>
Attributable to non-controlling interests	(15)	5	(10)
Attributable to BHP shareholders	(1,568)	(592)	(2,160)

Half year ended 31 December 2020	US\$M
Other income	–
Expenses excluding net finance costs:	
Costs incurred directly by BHP Brasil and other BHP entities in relation to the Samarco dam failure	(19)
Loss from equity accounted investments, related impairments and expenses:	
Samarco impairment expense	(90)
Samarco Germano dam decommissioning	–
Samarco dam failure provision	(300)
Fair value change on forward exchange derivatives	92
Net finance costs	(41)
Income tax expense	(19)
<b>Total</b>	<b>(377)</b>

## Notes:

- Additional commentary is included within Results for the half year ended 31 December 2020, Financial Report, note 3.
- COVID-19 can be considered a single protracted globally pervasive event with financial impacts expected over a number of reporting periods. The exceptional item reflects the directly attributable COVID-19 pandemic related additional costs for the Group for HY2021, including costs associated with the increased provision of health and hygiene services, the impacts of maintaining social distancing requirements and demurrage and other standby charges related to delays caused by COVID-19.
- The Group recognised an impairment charge of US\$1,194 million (after tax) in relation to NSWEC and associated deferred tax assets. This reflects current market conditions for Australian thermal coal, the strengthening Australian dollar, changes to the mine plan and updated assessment of the likelihood of recovering tax losses. The impairment charge of US\$380 million (after tax) for Cerrejón reflects current market conditions for thermal coal and the status of the Group's intended exit.

## Financial results

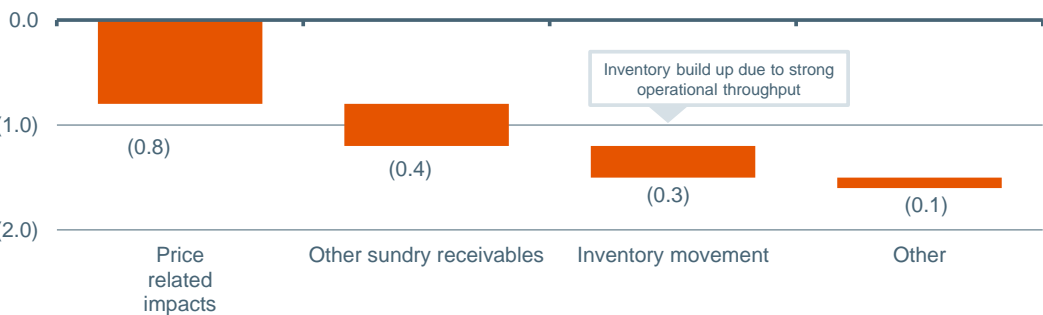
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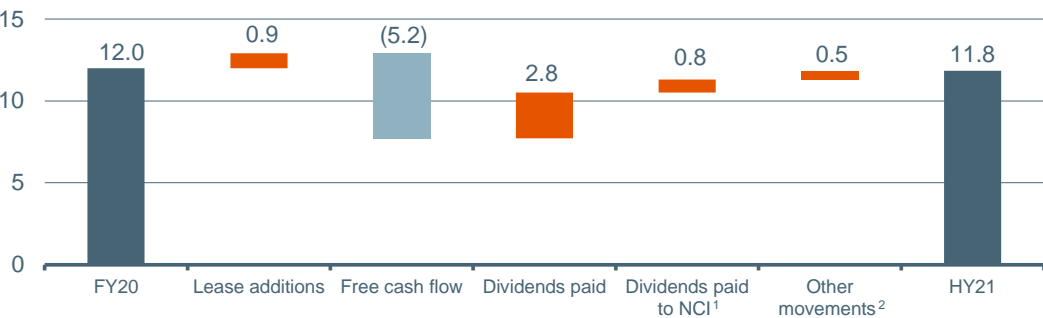
# Working capital and balance sheet

Net debt of US\$11.8 billion and gearing of 18.1%

Movements in working capital (expected to unwind in H2 FY2021)  
(US\$ billion)



Movements in net debt  
(US\$ billion)

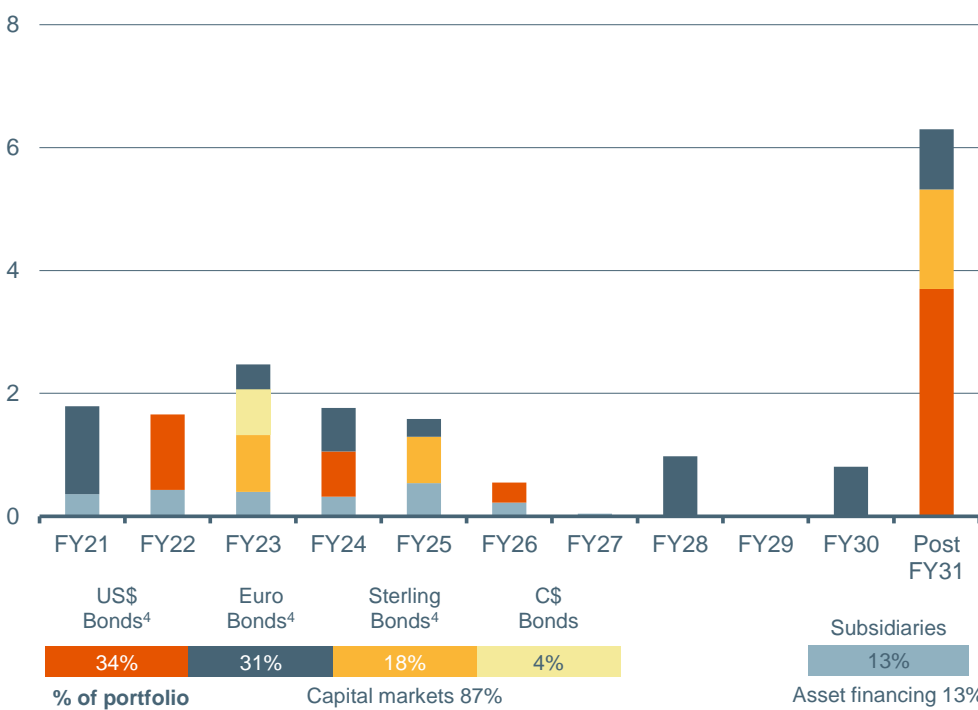


Notes:

- 1. NCIs: dividends paid to non-controlling interests of US\$0.8 billion predominantly relate to Escondida.
- 2. Other: Mainly relates to foreign exchange variance due to the revaluation of local currency denominated cash and debt to USD, and impact of the loss on bond repurchase program.
- 3. Debt maturity profile: all debt balances are represented in notional USD inception values and based on financial years; as at 31 December 2020; subsidiary debt is presented in accordance with IFRS 10 and IFRS 11.
- 4. Debt maturity profile: includes hybrid bonds (15% of portfolio: 10% in Euro, 5% in Sterling) with maturity shown at first call date.

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Debt maturity profile<sup>3</sup>  
(US\$ billion)



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# Projects in feasibility

	Jansen Stage 1	Scarborough
	Saskatchewan, Canada	Australia
	Shaft equipping, mine development, processing facility, site infrastructure and outbound logistics	13 subsea wells tied back to a semisubmersible FPU <sup>2</sup> ; dry gas pipeline ~435 km in length transports dry gas from the FPU to the onshore LNG plant at Pluto
<b>Operator</b>	BHP	Woodside (73.5%)
<b>BHP ownership</b>	100%	26.5%
<b>Capex (US\$m)</b>	5,300 – 5,700 Sustaining capital ~US\$15/t (real) long term average; +/- 20% in any given year	1,400 – 1,900 (BHP share)
<b>Phase / timing</b>	Feasibility study phase Final investment decision expected mid-CY21	Feasibility study phase Final investment decision expected H2 CY21
<b>First production / Project delivery</b>	~5 years construction timeframe ~2 years from first production to ramp up	FY25 onwards
<b>Volumes</b>	4.3 – 4.5 Mtpa (Potassium chloride, KCL)	8 Mtpa (100% basis, LNG); and 160 MMscf/d (100% basis at peak, domestic gas)
<b>Other considerations</b>	6% royalty Federal and Provincial Corporate income tax and Potash Production Tax <sup>1</sup> Jansen Stage 1 expected mine life of 100 years	Engineering work continues to progress Production licences awarded for WA-1-R (Scarborough) and WA-62-R (North Scarborough) in November 2020.

Notes:

1. Tax consideration for Jansen Stage 1 project includes Royalties, Federal and Provincial Corporate Income taxes, and Potash Production Tax (PPT). Withholding tax on dividend payments under the current corporate structure is 5%.

2. FPU: Floating production unit.

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# Technology

Technology is a key lever for BHP to improve front-line safety, increase production, reduce costs and create value at velocity

<div>Effectiveness</div> <div>Optimised</div> <div>Reduction of &gt;50% in technology workforce, on track for ~30% reduction in operating costs</div>	<div>Predictability</div> <div>PASPO</div> <div>applies machine learning to improve feed blend visibility, predictability in coal handling</div>	<div>Decision Automation</div> <div>5 Digital Centres</div> <div>rolled out to accelerate data insights, decision automation</div>
<div>Safety</div> <div>Significant</div> <div>reduction in vehicle events with fatality potential at Jumblebar mine operations since autonomous haulage rolled out</div>	<div>Automation</div> <div>5</div> <div>2 iron ore sites, converted to autonomous haulage, rollout underway at 2 coal sites, trial at Escondida</div>	<div>Performance</div> <div>7,000</div> <div>fleet hours reached for consecutive days at Jumblebar, from less than 6,000</div>

Note: PASPO is Process Area Set Point Optimisation.  
Note: Fleet hours calculation excludes queuing time.

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# BHP guidance

Group	FY21e	FY22e					
Capital and exploration expenditure (US\$bn)	7.3	~8.5	Cash basis. Guidance for FY21 has increased by US\$0.3 billion to US\$7.3 billion due to a stronger Australian dollar. Guidance for FY22 remains unchanged at approximately US\$8.5 billion (at guidance exchange rates).				
Including:							
Maintenance	2.4		Includes non-discretionary capital expenditure to maintain asset integrity, reduce risks and meet compliance requirements. Also includes capitalised deferred development and production stripping (FY21e: US\$0.8 billion). Includes US\$0.1 billion for petroleum.				
Improvement	2.6		Includes Petroleum infill drilling and South Flank.				
Latent capacity	0.2		Includes WAIO to 290 Mtpa and West Barracouta.				
Major growth	1.5		Includes Spence Growth Option, Mad Dog Phase 2, Jansen, Ruby and Atlantis Phase 3.				
Exploration	0.6		Includes ~US\$450 million Petroleum and ~US\$50 million Copper exploration programs planned for FY21.				
Petroleum	FY21e	Medium term					
Petroleum production (MMboe)	95 – 102	~106	FY21 volumes now expected to be in the upper half of the guidance range as additional production from Shenzi, following the acquisition of a further 28 per cent working interest, is partially offset by the impacts of significant hurricane activity in the Gulf of Mexico.  Average p.a. production broadly flat over the medium term, with material growth in FY2023 as sanctioned projects come online. ~106 MMboe represents average over medium term. ~103 MMboe is expected in FY25.				
Capital expenditure (US\$bn)	1.2		Sanctioned	Capex (BHP share)	First production	Production (100% basis at peak)	
			West Barracouta	December 2018	~US\$140 m	CY21	104 MMscf/d
			Ruby	August 2019	~US\$340 m (~US\$280 m excl. pre-commitment)	CY21	16,000 bopd (oil) and 80 MMscf/d (gas)
			Mad Dog Phase 2	February 2017	US\$2.2 bn	CY22	140,000 boe/d
Exploration expenditure (US\$m)	~450		Focused on Trinidad & Tobago and the US Gulf of Mexico.				
Unit cost (US\$/boe)	11 – 12	<13	Costs to increase in medium term as a result of natural field decline. Excludes inventory movements, embedded derivatives movements, freight, third party product purchases and exploration expense. Based on exchange rate of AUD/USD 0.70.				

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FWE-0038938



# BHP guidance (continued)

Copper	FY21e	Medium term					
Copper production (kt)	1,510 – 1,645		Escondida: 970 – 1,030 kt; Pampa Norte 240 – 270 kt; Olympic Dam: 180 – 205 kt; Antamina: 120 – 140 kt (zinc 140 – 160 kt).				
Capital and exploration expenditure (US\$bn)	2.5		Includes ~US\$52 million exploration expenditure.				
			Sanctioned	Capex (BHP share)	First production	Production (100% basis)	
			Spence Growth Option	August 2017	US\$2.5 bn	Achieved in December 2020, on schedule and on budget	~185 ktpa of incremental copper (over first 10 years)
Escondida							
Copper production (kt, 100% basis)	970 – 1,030	~1,200	~1,200 kt represents average per annum over medium term.				
Unit cash costs (US\$/lb)	1 – 1.25	<1.10	Excludes freight; net of by-product credits; based on an exchange rate of USD/CLP 769.				
Iron Ore	FY21e	Medium term					
Iron ore production (Mt)	245 – 255		Increased following the restart of Samarco in December 2020 (1 – 2 Mt). FY21 guidance for WAIO remains unchanged at 244 – 253 Mt.				
Capital and exploration expenditure (US\$bn)	1.9		Sanctioned	Capex (BHP share)	First production	Production (100% basis)	
			South Flank	June 2018	US\$3.1 bn	Mid-CY21	80 Mtpa sustaining mine
Western Australia Iron Ore							
Iron ore production (Mt, 100% basis)	276 – 286	290					
Unit cash costs (US\$/t)	13 – 14	<13	Excludes freight and government royalties; based on an exchange rate of AUD/USD 0.70.				
Sustaining capital expenditure (US\$/t)		~4	Medium term average; +/- 50% in any given year. Includes South Flank; Excludes costs associated with automation programs.				

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# BHP guidance (continued)

Coal	FY21e	Medium term	
Metallurgical coal production (Mt)	40 – 44	46 – 52	Expected to be at the lower half of the guidance range.
Energy coal production (Mt)	21 – 23		NSWEC: 15 – 17 Mt, expected to be at the lower half of the guidance range; Cerrejón: ~6 Mt, revised down from ~7 Mt due to the impact of the 91 day strike in HY21.
Capital and exploration expenditure (US\$bn)	0.6		
<b>Queensland Coal</b>			
Production (Mt, 100% basis)	71 – 77		Expected to be at the lower half of the guidance range.
Unit cash costs (US\$/t)	69 – 75	58 – 66	Excludes freight and royalties; based on an exchange rate of AUD/USD 0.70.
Sustaining capital expenditure (US\$/t)		~9	Medium term average; +/- 50% in any given year. Excludes costs associated with automation programs.
<b>Other</b>			
Other capex (US\$bn)	0.6		Includes Nickel West and Jansen.
Including: Jansen current scope (US\$m)	~260		

Note: Queensland Coal production guidance for the 2021 financial year remains on track, subject to any potential impacts on volumes from restrictions on coal imports into China and further significant wet weather during the remainder of the 2021 financial year.

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# Key Underlying EBITDA sensitivities

Approximate impact <sup>1</sup> on FY21 Underlying EBITDA of changes of:	US\$ million
US\$1/t on iron ore price <sup>2</sup>	236
US\$1/bbl on oil price <sup>3</sup>	37
US\$1/t on metallurgical coal price	37
US¢1/lb on copper price <sup>2</sup>	33
US\$1/t on energy coal price <sup>2</sup>	15
US¢1/lb on nickel price	1.6
AUD (US¢1/A\$) operations <sup>4</sup>	132
CLP (US¢1/CLP) operations <sup>4</sup>	31

Notes:

1. EBITDA sensitivities: assumes total volume exposed to price; determined on the basis of BHP's existing portfolio.
2. EBITDA sensitivities: excludes impact of equity accounted investments.
3. EBITDA sensitivities: excludes impact of change in input costs across the Group.
4. EBITDA sensitivities: based on average exchange rate for the period

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FWE-0038941

# Footnotes

1. Slide 5: Unit cost guidance for the 2021 financial year remains on track, subject to any potential impacts on volumes from restrictions on coal imports into China and further significant wet weather during the remainder of the 2021 financial year.
2. Slide 7: Scope 3 goals to contribute to decarbonisation in our value chain are 1) supporting industry to develop technologies and pathways capable of 30 per cent emissions intensity reduction in integrated steelmaking, with widespread adoption expected post-2030 and 2) supporting 40 per cent emissions intensity reduction of BHP-chartered shipping of our products.
3. Slide 9: Adjusted effective tax rate and Adjusted effective tax rate incl. royalties: excludes the influence of exchange rate movements and exceptional items.
4. Slide 10: Iron ore: unit cost, EBITDA margin: refers to Western Australia Iron Ore.
5. Slide 10: Costs related to the impact from COVID-19 are reported as an exceptional item and are not included in unit costs for the 2021 half year. At our major assets these additional costs were: US\$1.42 per tonne at Queensland Coal, US\$0.56 per tonne at WAIO (including US\$0.26 per tonne of demurrage and US\$0.19 per tonne relating to projects), US\$0.25 per barrel of oil equivalent at Petroleum and US\$0.02 per pound at Escondida.
6. Slide 10: WAIO C1 cost: excludes third party royalties, exploration expenses, depletion of production stripping, demurrage, exchange rate gains/losses, net inventory movement and other income. Operational readiness costs relating to South Flank of US\$0.19/t have been excluded from the C1 calculation. H1 FY21 C1 unit costs excludes the impact from COVID-19 that was reported as an exceptional item of US\$0.31/t.
7. Slide 12: Dividend: represents final dividend determined by the Board for FY20 and paid in September 2020.
8. Slide 13: WAIO, Antamina, Cerrejón, NSWEC & Petroleum exploration: ROCE truncated for illustrative purposes.
9. Slide 13: Antamina and Cerrejón: equity accounted investments; average capital employed represents BHP's equity interest.
10. Slide 13: Positive ROCE results for Potash project due to favourable exchange rate impacts on tax expense.
11. Slide 19: No less than 1% pre-tax profit (3 year rolling average).
12. Slide 27: Refer to 11 November 2019 Petroleum Briefing available at: [https://www.bhp.com/-/media/documents/media/reports-and-presentations/2019/191111\\_petroleumbriefing.pdf?la=en](https://www.bhp.com/-/media/documents/media/reports-and-presentations/2019/191111_petroleumbriefing.pdf?la=en)



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